

AMENDED IN SENATE JUNE 22, 2010

AMENDED IN SENATE MAY 28, 2010

AMENDED IN SENATE APRIL 21, 2010

AMENDED IN SENATE JANUARY 25, 2010

AMENDED IN SENATE AUGUST 17, 2009

AMENDED IN ASSEMBLY APRIL 14, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 289

Introduced by Assembly Member Galgiani

February 13, 2009

An act to amend ~~Sections 185024 and 185037 of, and to repeal Sections 185033 and 185035 of, Section 185024 of~~ the Public Utilities Code, and to add Chapter 20.1 (commencing with Section 2704.25) to Division 3 of the Streets and Highways Code, relating to high-speed rail, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 289, as amended, Galgiani. High-speed rail.

Existing law, the California High-Speed Rail Act, creates the High-Speed Rail Authority to develop and implement a high-speed rail system in the state, with specified powers and duties. Existing law, pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, approved by the voters as Proposition 1A at the November 4, 2008, general election, provides for the issuance of \$9.95 billion in general obligation bonds for high-speed rail and related purposes. The federal *Passenger Rail Investment and Improvement Act*

of 2008 (PRIIA) and the federal American Recovery and Reinvestment Act of 2009 (ARRA) provides funding for allocation nationally to high-speed rail projects.

~~This bill would state the intent of the Legislature to appropriate \$230,500,000 to the authority from the bond act in the Budget Act of 2010-11, to be used to provide a dollar-for-dollar match for federal ARRA funds received by the state for high-speed rail purposes. The bill would identify the corridors eligible for ARRA and PRIIA funds, upon appropriation by the Legislature, and require the authority to work with the Federal Railroad Administration to create a plan for expenditure of the federal ARRA funds. The bill would set forth the dates for obligation and expenditure of the federal ARRA funds and dates for completion of various tasks in that regard. These provisions would not apply to the portion of ARRA funds awarded to the Transbay Terminal project in San Francisco.~~

~~This bill would revise and recast provisions governing the authority's business plan for high-speed rail development and for the peer review process applicable to the funding plan for each high-speed rail corridor or usable segment under the preappropriation review process. The bill would provide that the preappropriation review process and the preexpenditure review process required for expenditure of bond funds also apply to expenditure of federal funds. The bill would enact other related provisions.~~

Existing law provides for appointment of an executive director by the authority, who is exempt from civil service and serves at the pleasure of the authority.

This bill, for purposes of overseeing the ongoing work of the authority in implementing the high-speed rail project, would authorize the Governor to appoint up to ~~5~~ 6 additional executive staff exempt from civil service who would serve at the pleasure of the executive director.

~~The bill would create the Office for Project Controls and Risk Management in the authority and would provide for appointment of an inspector general by the Governor to oversee the fiscal functions of the authority. The inspector general would be required to report annually to the authority and Legislature. The bill would also require the State Auditor to perform periodic audits of the authority's use of ARRA funds.~~

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) With the enactment of the federal American Recovery and
4 Reinvestment Act (ARRA) (Public Law 111-5) on February 17,
5 2009, the federal government made available a grant program in
6 which states could apply for up to \$8 billion in federal funds for
7 the development of high-speed rail throughout the nation.

8 (b) On October 2, 2009, the High-Speed Rail Authority (HSRA)
9 submitted to the Federal Railroad Administration (FRA) of the
10 United States Department of Transportation an application for
11 \$4.73 billion in federal funds to further the development of
12 high-speed rail in California.

13 (c) On January 28, 2010, the federal government awarded the
14 HSRA \$2.25 billion to advance the development of a high-speed
15 rail system in this state.

16 (d) The HSRA estimates that 90,000 jobs will be created or
17 maintained by the investment of these ARRA funds, along with
18 matching state bond funds, in the dozens of construction projects
19 along the eligible corridors throughout California.

20 (e) It is necessary to provide the HSRA with unambiguous
21 statutory authority to receive and expend federal funds awarded
22 to the HSRA for the purposes described in its application of
23 October 2, 2009, and consistent with the award of those federal
24 funds.

25 (f) Moreover, it is in the state's interest to obligate and expend
26 awarded funds as expeditiously as possible and in a manner
27 consistent with the voters' expectations when they approved the
28 Safe, Reliable High-Speed Passenger Train Bond Act for the 21st
29 Century (Chapter 20 (commencing with Section 2704) of Division
30 3 of the Streets and Highways Code) in November 2008, in order
31 to expand job creation and to complete vital infrastructure
32 improvements as soon as possible.

33 SEC. 2. Section 185024 of the Public Utilities Code is amended
34 to read:

1 185024. (a) The authority shall appoint an executive director,
2 exempt from civil service, who shall serve at the pleasure of the
3 authority, to administer the affairs of the authority as directed by
4 the authority.

5 (b) For purposes of ~~overseeing~~ *managing and administering*
6 the ongoing work of the authority in implementing the high-speed
7 train project, *upon recommendation of the executive director*, the
8 Governor may appoint up to ~~five~~ *six* additional employees, exempt
9 from civil service, ~~who, together with the executive director, shall~~
10 ~~constitute the executive staff of the authority, and who shall serve~~
11 ~~at the pleasure of the executive director.~~

12 *Pursuant to this subdivision, the Governor may appoint*
13 *employees only for the following positions:*

14 (1) *Chief program manager.*

15 (2) *Regional director.*

16 (3) *Chief financial officer.*

17 (4) *Director of risk management and project controls.*

18 (c) The compensation of the executive director and the additional
19 employees authorized by subdivision (b) shall be established by
20 the authority, *and approved by the Department of Personnel*
21 *Administration*, in an amount that is reasonably necessary, in the
22 discretion of the authority, to attract and hold a person of superior
23 qualifications. ~~To determine the compensation for the positions~~
24 ~~under this subdivision, the authority shall cause to be conducted,~~
25 ~~through the use of independent outside advisers, salary surveys~~
26 *The authority shall cause to be conducted, through the use of*
27 *independent outside advisers, a salary survey to determine the*
28 *compensation for the positions under this subdivision. The*
29 *Department of Personnel Administration may, in its discretion,*
30 *accept a previously completed salary survey that meets the*
31 *requirements of this subdivision, and shall review the methodology*
32 *used in the survey. The salary survey shall consider of both of the*
33 *following:*

34 (1) Other state, regional, and local transportation agencies that
35 are most comparable to the authority and its responsibilities.

36 (2) Other relevant labor pools.

37 The compensation set by the authority shall not exceed the
38 highest comparable compensation for a position of that type, as
39 determined by the *salary survey*. ~~The Department of Personnel~~
40 ~~Administration shall review the methodology used in the salary~~

1 ~~survey. Based on the salary survey, these positions shall be paid~~
2 ~~a salary established by the authority and approved by the~~
3 ~~Department of Personnel Administration.~~

4 (d) The executive director may, as authorized by the authority,
5 appoint necessary staff to carry out the provisions of this part.

6 ~~(e) Any action to be taken under this section by the authority~~
7 ~~shall require a vote of the board of the authority.~~

8 ~~SEC. 3. Section 185033 of the Public Utilities Code is repealed.~~

9 ~~SEC. 4. Section 185035 of the Public Utilities Code is repealed.~~

10 ~~SEC. 5. Section 185037 of the Public Utilities Code is amended~~
11 ~~to read:~~

12 ~~185037. (a) Notwithstanding any other provision of law, for~~
13 ~~any project along the high-speed rail network, the authority may~~
14 ~~contract with the department to perform project design and~~
15 ~~engineering services, including construction inspection services.~~

16 ~~(b) The Department of Finance, the department, and the~~
17 ~~authority may enter into agreements, execute documents, manage~~
18 ~~accounts and deposits, and take any other action that may be~~
19 ~~appropriate, in accordance with federal law and rules and~~
20 ~~regulations, to further this section.~~

21 ~~(c) For purposes of this section, “project design and engineering~~
22 ~~services, including construction inspection services” means~~
23 ~~preliminary engineering, planning, prebid services, right-of-way~~
24 ~~acquisition, preparation of environmental documents, preparation~~
25 ~~of plans, specifications, and estimates, construction inspection~~
26 ~~including surveying and materials testing, quality control inspection~~
27 ~~including highway and utility relocation, and grade separations.~~

28 ~~SEC. 6.~~

29 ~~SEC. 3. Chapter 20.1 (commencing with Section 2704.25) is~~
30 ~~added to Division 3 of the Streets and Highways Code, to read:~~

31
32 CHAPTER 20.1. HIGH-SPEED RAIL IMPLEMENTATION AND
33 OVERSIGHT

34
35 Article 1. General Provisions

36
37 2704.25. As used in this chapter, the following terms have the
38 following meanings:

39 (a) “ARRA” means the federal American Recovery and
40 Reinvestment Act of 2009 (Public Law 111-5).

1 (b) “Authority” means the High-Speed Rail Authority created
2 pursuant to Section 185020 of the Public Utilities Code, or its
3 successor.

4 (c) “Bond act” means the Safe, Reliable High-Speed Passenger
5 Train Bond Act for the 21st Century (Chapter 20 (commencing
6 with Section 2704).

7 ~~(d) “Preappropriation review process” means the process, set~~
8 ~~forth in subdivision (c) of Section 2704.08, to submit a funding~~
9 ~~plan for bond proceeds for eligible capital costs prior to~~
10 ~~appropriation.~~

11 ~~(e) “Preexpenditure review process” means the process, set forth~~
12 ~~in subdivision (d) of Section 2704.08, to commit appropriated~~
13 ~~bond proceeds to expenditure on eligible capital costs.~~

14
15 Article 2. Implementation of the Safe, Reliable High-Speed
16 Passenger Train Bond Act for the 21st Century
17

18 2704.30. It is the intent of the Legislature to appropriate, in
19 the 2010–11 Budget Act, the sum of two hundred thirty million
20 five hundred thousand dollars (\$230,500,000) in state bond funds
21 from the High-Speed Passenger Train Bond Fund to the authority.
22 The state bond funds shall be used to provide a dollar-for-dollar
23 match for federal funds received by the state as provided in Section
24 2704.50. As these state bond funds are expended by the authority,
25 an equivalent amount of federal high-speed rail funds received on
26 a reimbursement basis from the federal government shall be
27 deposited in the High-Speed Passenger Train Bond Fund to replace
28 the expended state bond funds. The deposited federal funds shall
29 be used, upon appropriation, for high-speed rail purposes consistent
30 with federal law and regulations. Not more than 30 days after
31 replacing the expended state bond funds with federal funds, the
32 Director of Finance shall notify, in writing, the chair of the
33 committees in each house of the Legislature that consider
34 appropriations and the chair of the Joint Legislative Budget
35 Committee of this action.

36 ~~2704.31. (a) In identifying the estimated full cost of~~
37 ~~constructing a corridor or usable segment thereof for purposes of~~
38 ~~subparagraph (C) of paragraph (2) of subdivision (c) of, and~~
39 ~~subdivision (d) of, Section 2704.08, the amounts identified shall~~

1 ~~be adjusted in year-of-expenditure dollars for the year in which~~
2 ~~construction will actually occur.~~

3 ~~(b) The preappropriation review process for a corridor or usable~~
4 ~~segment thereof for eligible capital costs shall apply to the initial~~
5 ~~request for each corridor or usable segment to be funded. The~~
6 ~~process shall also apply to appropriations of federal ARRA funds~~
7 ~~for capital costs. This subdivision does not, however, require~~
8 ~~submission of subsequent funding plans for future year~~
9 ~~appropriations to fund projects of a corridor or usable segment~~
10 ~~that previously was the subject of a funding plan under the~~
11 ~~preappropriation review process.~~

12 ~~(c) The funding plan required under the preappropriation review~~
13 ~~process, in addition to including the items required by~~
14 ~~subparagraphs (A) to (K), inclusive, of paragraph (2) of subdivision~~
15 ~~(c) of Section 2704.08, shall additionally include a summary of~~
16 ~~milestones achieved and any issues identified in that regard, and~~
17 ~~any actions taken to address those issues.~~

19 Article 3. Federal High-Speed Rail Funds

21 2704.50. The sum of two billion two hundred fifty million
22 dollars (\$2,250,000,000) in federal funds made available to the
23 state for high-speed rail purposes pursuant to Title XII of Division
24 A of the American Recovery and Reinvestment Act of 2009
25 (ARRA) shall, upon appropriation by the Legislature, be used for
26 (a) planning and engineering for the high-speed train system and
27 (b) capital costs, consistent with federal guidelines, rules, and
28 regulations, and consistent with the bond act and this chapter.

29 2704.51. The authority shall take those actions necessary to
30 ensure that federal ARRA funds awarded to the state for high-speed
31 rail purposes are expended and used in a manner that meets all
32 applicable federal guidelines, rules, and regulations.

33 2704.52. (a) The ARRA funds to be appropriated pursuant to
34 Section 2704.50 shall be available for preliminary engineering,
35 project-level environmental work, mitigation, final design, and
36 construction for the following corridors that were approved by the
37 Federal Railroad Administration, without reference to any
38 individual corridor or corridors:

39 (1) San Francisco to San Jose.

40 (2) Merced to Fresno.

1 (3) Fresno to Bakersfield.

2 (4) Los Angeles to Anaheim.

3 ~~(b) The ARRA funds to be appropriated pursuant to Section~~
4 ~~2704.50~~

5 *(b) Funds received from the Passenger Rail Investment and*
6 *Improvement Act of 2008 (PRIIA; Public Law 110-432) for*
7 *2010–11 shall also, upon appropriation, be available for planning*
8 *and engineering for any of the following corridors, without*
9 *reference to any individual corridor or corridors:*

10 ~~(1) Sacramento to Stockton to Fresno.~~

11 ~~(2) San Francisco Transbay Terminal to San Jose to Fresno.~~

12 ~~(3) Oakland to San Jose.~~

13 ~~(4) Fresno to Bakersfield to Palmdale to Los Angeles Union~~
14 ~~Station.~~

15 ~~(5) Los Angeles Union Station to Riverside to San Diego.~~

16 ~~(6) Los Angeles Union Station to Anaheim to Irvine.~~

17 ~~(7) Merced to Stockton to Oakland and San Francisco via the~~
18 ~~Altamont Corridor.~~

19 *(1) Merced to Sacramento.*

20 *(2) Los Angeles to San Diego.*

21 *(3) The Altamont Corridor.*

22 2704.53. (a) The authority shall work with the Federal Railroad
23 Administration to establish priorities among the four corridors
24 specified in subdivision (a) of Section 2704.52 and to create a plan
25 for expenditure of ARRA funds to be appropriated pursuant to
26 Section 2704.50. Upon finalizing the expenditure plan, the
27 authority shall submit a copy of the plan to the Director of Finance
28 and to the policy committees with jurisdiction over transportation
29 matters and to the fiscal committees in both houses of the
30 Legislature.

31 (b) The federal funds to be appropriated pursuant to Section
32 2704.50 shall be available for obligation and expenditure by the
33 following dates specified in ARRA and its implementing
34 guidelines, rules, and regulations:

35 (1) Completion of environmental review by September 2011.

36 (2) Obligation of funds by September 2012.

37 (3) Completion of construction by September 2017.

38 2704.54. This article shall not apply to ARRA high-speed rail
39 funds awarded to the Transbay Joint Powers Authority for purposes
40 of constructing the Transbay Terminal in San Francisco.

Article 4. ~~High-Speed Rail Accountability and Oversight~~

~~2704.70. (a) The authority shall prepare, publish, adopt, and submit to the Legislature, not later than January 1, 2012, and every two years thereafter, a business plan. At least 60 days prior to the publication of the plan, the authority shall publish a draft business plan for public review and comment. The draft plan shall also be submitted to the Senate Committee on Transportation and Housing, the Assembly Committee on Transportation, the Senate Committee on Budget and Fiscal Review, and the Assembly Committee on Budget.~~

~~(b) The business plan shall identify or include, but need not be limited to, all of the following:~~

~~(1) The type of service the authority anticipates it will develop, such as local, express, commuter, regional, or interregional, and a description of the primary benefits the system will provide.~~

~~(2) A forecast of the infrastructure capital costs, in year-of-expenditure dollars, by segment, for the system and an estimate of capital costs by year of expenditure by major cost category.~~

~~(3) A forecast of the anticipated operating and maintenance costs by the following categories:~~

~~(A) Train drivers and crew members.~~

~~(B) Station services and security.~~

~~(C) Control center operations.~~

~~(D) Administration.~~

~~(E) Power and energy.~~

~~(F) Track and system maintenance.~~

~~(G) Trainset maintenance.~~

~~(H) Infrastructure replacement funding, including trainsets.~~

~~(4) An estimate and description of the total anticipated federal, state, local, and other funds the authority intends to access to fund the construction and operation of the system. The estimate shall include alternative funding scenarios that reflect the possibility of reduced or delayed funding from planned sources. These scenarios should detail the implications for construction timelines and for bringing revenue-based passenger service on line.~~

~~(5) The proposed chronology for the construction of the eligible corridors of the statewide high-speed train system.~~

1 ~~(6) A discussion of all reasonably foreseeable risks the project~~
2 ~~may encounter, including, but not limited to, risks associated with~~
3 ~~the project's finances, patronage, right-of-way acquisition,~~
4 ~~environmental clearances, construction, equipment, and technology,~~
5 ~~and other risks associated with the project's development along~~
6 ~~with a description of the authority's strategies, processes, or other~~
7 ~~actions it intends to utilize to manage those risks.~~

8 ~~(7) Using the most recent patronage forecast for the system, a~~
9 ~~forecast of the expected patronage and service levels for the Phase~~
10 ~~1 corridor as identified in paragraph (2) of subdivision (b) of~~
11 ~~Section 2704.04 and by each segment or combination of segments~~
12 ~~for which a project level environmental analysis is being prepared~~
13 ~~for Phase 1. The forecast shall assume a high, medium, and low~~
14 ~~level of patronage and a realistic operating planning scenario for~~
15 ~~each level of service. Alternative fare structures shall be considered~~
16 ~~when determining the level of patronage.~~

17 ~~(8) Based on the patronage forecast in paragraph (7), alternative~~
18 ~~financial pro formas for the different levels of service, and the~~
19 ~~operating break-even points for each alternative. Each pro forma~~
20 ~~shall assume the terms of subparagraph (J) of paragraph (2) of~~
21 ~~subdivision (c) of Section 2704.08.~~

22 ~~(9) The expected schedule for completing environmental review~~
23 ~~and initiating and completing construction for each segment of~~
24 ~~Phase 1.~~

25 ~~(10) The source of federal, state, and local funds available for~~
26 ~~the project that will augment funds from the bond act and the level~~
27 ~~of confidence for obtaining each type of funding.~~

28 ~~(11) A description of written agreements with public or private~~
29 ~~entities to fund components of the high-speed rail system, including~~
30 ~~stations and terminals, and any impediments to the completion of~~
31 ~~the system, such as the inability to gain access to existing railroad~~
32 ~~rights-of-way.~~

33 ~~(12) A description of alternative public-private development~~
34 ~~strategies for the implementation of Phase 1.~~

35 ~~(13) An estimate of costs for trainsets and an anticipated~~
36 ~~replacement schedule.~~

37 ~~(14) An estimate of potential costs of a minimum revenue~~
38 ~~guarantee and potential payment sources.~~

39 ~~(15) A long-term spending plan for preconstruction activities.~~

1 ~~(16) All ARRA requirements and actions taken to ensure~~
2 ~~compliance with federal law, guidelines, rules, and regulations.~~

3 ~~(17) The number of jobs each corridor is estimated to create in~~
4 ~~this state.~~

5 ~~(e) To the extent feasible, the business plan should draw upon~~
6 ~~information and material developed according to other~~
7 ~~requirements, including, but not limited to, the preappropriation~~
8 ~~review process and the preexpenditure review process in the bond~~
9 ~~act, set forth in Sections 2704.08 and 2704.31. The authority shall~~
10 ~~hold at least one public hearing on the business plan and shall~~
11 ~~adopt the plan at a regularly scheduled meeting. When adopting~~
12 ~~the plan, the authority shall take into consideration comments from~~
13 ~~the public hearing and written comments that it receives in that~~
14 ~~regard, and any hearings that the Legislature may hold prior to~~
15 ~~adoption of the plan.~~

16 ~~2704.71. (a) The authority shall establish an independent peer~~
17 ~~review group for the purpose of reviewing the planning,~~
18 ~~engineering, financing, and other elements of the authority's plans~~
19 ~~and issuing an analysis of appropriateness and accuracy of the~~
20 ~~authority's assumptions and an analysis of the viability of the~~
21 ~~authority's financing plan, including the funding plan for each~~
22 ~~corridor required under the preappropriation review process~~
23 ~~pursuant to Sections 2704.08 and 2704.31.~~

24 ~~(b) The peer review group shall include all of the following:~~

25 ~~(1) Two individuals with experience in the construction or~~
26 ~~operation of high-speed trains in Europe, Asia, or both, designated~~
27 ~~by the Treasurer.~~

28 ~~(2) Two individuals, one with experience in engineering and~~
29 ~~construction of high-speed trains and one with experience in project~~
30 ~~finance, designated by the Controller.~~

31 ~~(3) One representative from a financial services or financial~~
32 ~~consulting firm who shall not have been a contractor or~~
33 ~~subcontractor of the authority for the previous three years,~~
34 ~~designated by the Director of Finance.~~

35 ~~(4) One representative with experience in environmental~~
36 ~~planning, designated by the Secretary of Business, Transportation~~
37 ~~and Housing.~~

38 ~~(5) Two expert representatives from agencies providing intercity~~
39 ~~or commuter passenger train services in California, designated by~~
40 ~~the Secretary of Business, Transportation and Housing.~~

1 ~~(e) The peer review group shall evaluate the authority's funding~~
2 ~~plans and prepare its independent judgment as to the feasibility~~
3 ~~and reasonableness of the plans, appropriateness of assumptions,~~
4 ~~analyses, and estimates, and any other observations or evaluations~~
5 ~~it deems necessary.~~

6 ~~(d) The authority shall provide the peer review group any and~~
7 ~~all information that the peer review group may request to carry~~
8 ~~out its responsibilities.~~

9 ~~(e) The peer review group shall report its findings and~~
10 ~~conclusions to the Legislature no later than 60 days after receiving~~
11 ~~the plans.~~

12 ~~(f) The reference in subdivision (c) of Section 2704.08 to Section~~
13 ~~185035 of the Public Utilities Code shall be deemed to refer to~~
14 ~~this section.~~

15 ~~(g) The peer review group is not a state body as that term is~~
16 ~~defined in Article 9 (commencing with Section 11120) of Chapter~~
17 ~~1 of Part 1 of Division 3 of Title 2 of the Government Code or a~~
18 ~~local agency as that term is defined in the Ralph M. Brown Act~~
19 ~~(Chapter 9 (commencing with Section 54950) of Part 1 of Division~~
20 ~~2 of Title 5 of the Government Code).~~

21 ~~2704.72. The Legislature shall exercise oversight over the~~
22 ~~expenditure of funds available for high-speed rail implementation~~
23 ~~and construction through the preappropriation review process and~~
24 ~~the preexpenditure review process, as set forth in Sections 2704.08~~
25 ~~and 2704.31.~~

26 ~~2704.73. The Office for Project Controls and Risk Management~~
27 ~~is hereby created in the authority and shall report directly to the~~
28 ~~chief executive director of the authority.~~

29 ~~2704.74. (a) An inspector general shall be appointed by the~~
30 ~~Governor to oversee the fiscal functions of the authority to ensure~~
31 ~~public confidence and private investor confidence in the fiscal~~
32 ~~management and construction of the high-speed train project.~~

33 ~~(b) The inspector general shall report annually to the authority~~
34 ~~and the Legislature. The report shall be submitted in compliance~~
35 ~~with Section 9795 of the Government Code. This subdivision shall~~
36 ~~be inoperative on January 1, 2016, pursuant to Section 10231.5 of~~
37 ~~the Government Code.~~

38 ~~2704.75. The requirement pursuant to subdivision (e) of Section~~
39 ~~2704.04 for the State Auditor to perform periodic audits of the~~
40 ~~authority's use of bond proceeds shall also apply to the authority's~~

1 use of proceeds of federal ARRA funds received by the state for
2 high-speed rail purposes. Nothing in this section shall limit the
3 authority of the State Auditor to perform audits of expenditures
4 associated with any corridor or usable segment of the high-speed
5 train system. Audits conducted by the State Auditor shall be
6 independent of any audit conducted internally by the authority.

7 ~~SEC. 7.~~

8 *SEC. 4.* This act is an urgency statute necessary for the
9 immediate preservation of the public peace, health, or safety within
10 the meaning of Article IV of the Constitution and shall go into
11 immediate effect. The facts constituting the necessity are:

12 In order to ensure that California may secure the maximum
13 amount of funds available for high-speed rail development and to
14 provide for necessary staff in that regard as quickly as possible, it
15 is necessary that this act take effect immediately.